



# ENERGY ASSURANCE DAILY

Friday, February 23, 2007

## Major Developments

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### **Update: 240,000 b/d TEPPCO Products Pipeline Back in Service February 23**

This morning about 10:00 central time, TEPPCO restarted a portion of its 20-inch, 240,000 b/d petroleum products pipeline system in Indiana after receiving regulatory approval from the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration. The pipeline segment from Seymour, Indiana to Lebanon, Ohio was shut on Tuesday when a faulty valve caused a diesel fuel spill. The company had previously expected to restart the pipeline on Saturday. In a notice to customers, TEPPCO said propane supplies have been affected, resulting in allocation of deliveries at its propane terminals in Ohio, Pennsylvania and upstate New York. TEPPCO said that supply of gasoline, diesel and jet fuel to terminals along the pipeline system have continued to be delivered from existing terminal inventory. Deliveries have also been made from the company's 16-inch pipeline that runs parallel to the shut 20-inch line from Beaumont, Texas to Seymour, Indiana, and from the Centennial Pipeline system.

**TEPPCO Pipeline System Map:** <http://www.teppco.com/components/flash/map.htm>  
[http://today.reuters.com/news/articleinvesting.aspx?view=CN&storyID=2007-02-23T164736Z\\_01\\_N23432516\\_RTRIDST\\_0\\_PIPELINES-OPERATIONS-TEPPCO-RESTART-URGENT.XML&rpc=66&type=qcna](http://today.reuters.com/news/articleinvesting.aspx?view=CN&storyID=2007-02-23T164736Z_01_N23432516_RTRIDST_0_PIPELINES-OPERATIONS-TEPPCO-RESTART-URGENT.XML&rpc=66&type=qcna)  
[http://today.reuters.com/news/articleinvesting.aspx?view=CN&storyID=2007-02-22T230623Z\\_01\\_N22185965\\_RTRIDST\\_0\\_PIPELINES-OPERATIONS-TEPPCO-UPDATE-1.XML&rpc=66&type=qcna](http://today.reuters.com/news/articleinvesting.aspx?view=CN&storyID=2007-02-22T230623Z_01_N22185965_RTRIDST_0_PIPELINES-OPERATIONS-TEPPCO-UPDATE-1.XML&rpc=66&type=qcna)

Bloomberg News, 13:50 February 23, 2007

## Electricity

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### **Progress Energy's 838 MW Crystal River Nuke Unit in Florida Ramps Back up to 21 Percent Power February 23**

The company said the reactor automatically tripped off line late Wednesday due to a feedwater problem.

Reuters, 08:43 February 22, 2007

Bloomberg News, 11:55 February 23, 2007

### **AEP's 690 MW Oklaunion Coal-fired Unit in Texas Extends Maintenance Shutdown**

AEP shut the unit on February 21 due to a failed transformer. The company is now fixing a tube leak and will perform other maintenance over the next week instead of the following week as originally planned. The unit should be back in operation by early on February 28.

Reuters, 12:20 February 23, 2007

### **Pepco Urges Rejecting Delaware Power-Plant Proposals It Recommended**

Pepco argues in a February 21 filing with Delaware State regulators that buying power would be less expensive than building the three new power plants it has proposed. Pepco was required by State law to submit recommendations for new the new power plants.

Bloomberg News, 13:37 February 23, 2007

### **ExxonMobil's 563,000 bpd Baytown Refinery in Texas Has Emergency Flaring**

The flaring was caused by a 36 hour outage on a compressor. A company spokesman says there was minimal impact on production.

Reuters, 10:07 February 23, 2007

Bloomberg News, 12:29 February 23, 2007

### **NPGA Requests More Hours of Service Waivers to Deliver Propane to the Northeast**

Propane inventories in New England fell last week by 73 percent as a rail strike in Canada and the outage of the TEPPCO pipeline (mentioned in the Major Developments section above) drastically reduced propane deliveries. Some propane distributors have rationed supplies to their customers. The National Propane Gas Association (NPGA) has asked the U.S. Department of Transportation for a 30-day waiver of federal hours of service safety regulations in number of states which would allow drivers of propane trucks to be on duty longer. With the TEPPCO pipeline still out yesterday and no sign of an end to the Canadian National Railway strike, NPGA was concerned that adequate and timely supplies of propane would not get to consumers without the waivers. With the pipeline and railroad problems, some propane supplies have had to travel much longer distances to reach the ultimate consumers.

Reuters, 17:23 February 22, 2007

### **Update: Several States Extend Hours-of-Service Waivers for Home Heating Fuel Deliveries**

Since Monday of this week, seven states have issued or extended hours-of-service waivers for truck drivers delivering propane and other heating fuels to customers: New Hampshire, Vermont, Rhode Island, Maryland, Delaware, Massachusetts, and Pennsylvania. Although waivers issued prior to Monday remain in effect in Maine, Wisconsin, Connecticut, Illinois, Virginia, New Jersey, Iowa and Ohio, several of the waivers are scheduled to end today.

<http://www.npga.org/i4a/pages/index.cfm?pageid=832>

### **Talks Continue to End Canadian National Rail Strike – Government May Take Action to the End Dispute**

The Canadian government has introduced legislation to end the strike if negotiations are unsuccessful; there appears to be sufficient support to pass the legislation. Canadian National has used management crews to replace some striking workers, but shippers say that railroad is operating at less than half capacity. The strike is affecting all areas of the Canadian economy and has also reduced shipments of Canadian petroleum products into the United States.

Reuters, 14:12 February 23, 2007

### **Update: Imperial Oil's Nanicoke Refinery in Ontario Still Two Weeks from Restart**

The company is limiting customers to 70 percent of their usual gasoline needs and 40 percent of diesel and distillate requirements as a result of the outage and other transport problems in the country's biggest market. A company representative said that "government measures" may be needed to deal with shortages of heating oil in Ontario.

Reuters, 13:42 February 23, 2007

## **Natural Gas**

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### **FERC Approves Northern Natural Gas Pipeline Expansion in Minnesota and Iowa**

FERC Wednesday issued a certificate granting Northern Natural Gas pipeline the authority to expand its system in Minnesota and Iowa by approximately 374,000 Dth/d of incremental winter peak-day capacity.

<http://intelligencepress.com/>

### **FERC Begins Pre-Filing Review of Major West-to-East Pipeline Project**

FERC Thursday approved a request of Midcontinent Express Pipeline LLC (MEP), a joint venture of Kinder Morgan Energy Partners LP and Energy Transfer Partners LP, to begin the pre-filing review under the National Environmental Policy Act for its proposed west-to-east pipeline that will move natural gas to markets in Florida and the Northeast.

<http://intelligencepress.com/>

## Falling Prices Affecting Canadian Natural Gas Production, Exports

The new Canadian natural gas export year is off to a weak start, with volumes continuing to slip as reduced prices slow supply development, according to trade records kept by the National Energy Board (NEB).

<http://intelligencepress.com/>

## Other News

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### Update: Barge Movements Resume on Parts of Illinois River

Traffic on the river has been virtually halted for the past two weeks (and has been intermittent for the past four weeks) due to ice. Ethanol shipments have been affected by these delays.

Reuters, 12:20 February 23, 2007

### Update: Ethanol Industry Cannot Meet President's Bush's Renewable Fuels Goal – RFA

The president of the Renewable Fuels Association (RFA) Robert Dinneen has said that the ethanol industry cannot meet President Bush's ethanol production goals with existing technology and feedstocks. Dinneen said that technological breakthroughs and the commercialization of non-grain feedstocks are necessary. Dinneen said that mandates for a higher renewable fuel standard were not necessary because "the marketplace is driving the demand for ethanol on its own." He also argued that mandates impact the flexibility needed to work with their customers in the oil industry. This is a much more pessimistic assessment than Dinneen's initial reaction to the President's goal, when he said this about the President's renewable fuels goal of 35 billion gallons per year: "With consistent and focused policies, this is an eminently achievable goal."

<http://www.ethanolrfa.org/media/press/rfa/2007/view.php?id=930>

Oil Daily, February 23, 2007

## Energy Prices

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U.S. Oil and Gas Prices			
February 23, 2007			
	Today	Week Ago	Year Ago
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	60.42	59.14	58.03
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	7.53	8.91	7.23

Source: Reuters

## Energy Notes

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### Houston Ship Channel Remains Closed to Tankers Because of Fog

#### Outbound Vessels Allowed to Leave During 7-hour Window

Bloomberg New, 10:05 February 23, 2007

### Strong Winds Knock Out Power to About 15,000 Customers in Maryland, DC and Virginia

<http://www.washingtonpost.com/wp-dyn/content/article/2007/02/23/AR2007022300673.html>

[http://wjz.com/topstories/local\\_story\\_054080357.html](http://wjz.com/topstories/local_story_054080357.html)

<http://www.wric.com/global/story.asp?s=6131587&ClientType=Printable>

### Heavy Power Demand Straining Aging Underground Transmission Infrastructure in Connecticut

[http://pro.energycentral.com/professional/news/power/news\\_article.cfm?id=7881086](http://pro.energycentral.com/professional/news/power/news_article.cfm?id=7881086)

**U.S. Investigators Considering Expanding Valero Probe beyond McKee Refinery**  
Oil Daily, February 23, 2007

**PdVSA Says 7 Billion Barrels of Crude Oil Certified in Orinoco Belt**  
[http://www.rigzone.com/news/article\\_pf.asp?a\\_id=41743](http://www.rigzone.com/news/article_pf.asp?a_id=41743)

**Venezuela Wants OPEC to Cut Production Again –  
Says Market Oversupplied by 500,000 bpd**  
Reuters, 10:37 February 23, 2007

**Venezuela Claims ConocoPhillips Owes \$415 Million in Taxes**  
Bloomberg News, 12:34 February 23, 2007

## **Links**

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***This Week in Petroleum*** from the Energy Information Administration (EIA)  
<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>  
Updated every Wednesday.

***Weekly Petroleum Status Report*** from EIA  
[http://www.eia.doe.gov/oil\\_gas/petroleum/data\\_publications/weekly\\_petroleum\\_status\\_report/wpsr.html](http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html)  
Updated after 10:30 AM & 1:00 PM EST every Wednesday.

***Natural Gas Weekly Update*** from EIA  
<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>  
Updated after 2:00 PM EST every Thursday.

### **ENERGY ASSURANCE DAILY**

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*Energy Assurance Daily* provides a summary of public information concerning current energy issues. Published Monday through Friday to inform stakeholders of developments affecting energy systems, flows, and markets, it provides highlights of energy issues rather than a comprehensive coverage. *Energy Assurance Daily* is updated online Monday through Friday after 5:00 p.m. EST. For more information, visit the Infrastructure Security and Energy Restoration (ISER) website at:  
<http://www.oe.netl.doe.gov/index.aspx>.

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